

CURRENT STATUS OF RESIDENTIAL NATURAL GAS UNBUNDLING PROGRAMS IN NEW JERSEY

The following is a summary of the status of existing and proposed unbundling programs for each of New Jersey's four natural gas utilities:

NUI/Elizabethtown Gas Company (Elizabethtown)

In 1997 Elizabethtown submitted a proposal for a residential pilot program, but the interested parties were unable to come to terms on an agreed program. As a result, unbundled services are presently not available to any of Elizabethtown's residential customers. Elizabethtown filed a further proposal to implement residential unbundling on July 31, 1999. Some discovery and collaborative meetings took place during the summer and fall of 1999. Proceedings on this proposal have been merged with proceedings initiated under the Act.

New Jersey Natural Gas Company (New Jersey Natural)

New Jersey Natural is presently providing transportation service to approximately 32,000 residential customers under its "Natural Solutions" pilot program. This program initially provided for enrollment of 30,000 customers for a period of three years, with semi-annual enrollments of 5,000 customers per enrollment, beginning on April 15, 1997. The initial enrollment closed out within a two-week period. Following the Ratepayer Advocate's filing of a formal Petition which sought to expand the initial enrollment and subsequent discussions with Board of Public Utilities Staff and New Jersey Natural officials, the Board of Public Utilities issued an Order requiring the Company to consolidate the remaining 25,000 slots into a single enrollment period which began on January 1, 1998. The maximum enrollment for the pilot program was recently expanded to 40,000 customers by Board of Public Utilities Order issued on January 4, 1999.

Public Service Electric & Gas (Public Service)

Public Service's "Select Gas" pilot program began on May 1, 1997. Unfortunately, this program, which was open only to residential customers in four designated geographically separate communities, was unsuccessful and had no participants. The two marketers which had registered to participate in the program reported that the communities were too far apart for effective marketing.

As part of settlement discussions concerning Public Service's 1997-98 LGAC, the Company made a commitment to file a proposal for full residential unbundling. Such a proposal was filed on April 30, 1998. On December 22, 1998, the Ratepayer Advocate, the Board of Public Utilities Staff and PSE&G entered into an Interim Stipulation to make unbundled service available to 300,000 of PSE&G's residential customers on a first come, first serve basis within 60 days after the issuance of a Board of Public Utilities Order determining the amount of the administrative fee for an electric customer to switch to a third-party supplier of electricity. The Interim Stipulation was approved by the Board of Public Utilities, with some modifications, on May 5, 1999, with an effective date of August 1, 1999.

Public Service subsequently filed a request for a further modification with regard to billing options. Under the Interim Stipulation, PSE&G agreed to provide customers with a single bill containing both Public Service's charges and the third party supplier's charges, in addition to other options deemed appropriate by the Board of Public Utilities for residential customers. The Board of Public Utilities directed the Company to implement both the "single bill" option, and the option to receive separate bills from Public Service and the supplier. Public Service requested permission from the Board of Public Utilities to delay the implementation of the "single bill" option pending the implementation of electronic data interchange systems for natural gas, which the Company expected to be in place "shortly after December 31, 1999." The Ratepayer Advocate has opposed this request for modification, which has not been acted upon by the Board.

South Jersey Gas Company (South Jersey)

South Jersey is providing transportation service to approximately 22,000 residential customers under its residential pilot program, which began on April 1, 1997. The program was originally approved for 10,000 customers, but was expanded to 13,000 due to consumer interest. This program was scheduled to expire on June 30, 1998 but was extended to July 31, 1999 and expanded to a maximum of 25,000 customers by Board of Public Utilities Order issued on June 26, 1998. At its June 9, 1999 agenda meeting, the Board of Public Utilities granted the Company's request to extend the pilot program until the effective date of full residential unbundling under the Act, and to expand it to a maximum of 50,000 customers.

On July 31, 1998 South Jersey filed a proposal to replace the pilot program with a program to provide unbundled service to all of its residential customers. Discovery and settlement discussions took place during late 1998 and early 1999. This proceeding has now been merged with the proceedings initiated under the Act.